

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

COMMITTEE ON AGRICULTURE

Call to Order: By **CHAIRMAN EDWARD B. BUTCHER**, on January 18, 2005 at 3 P.M., in Room 472 Capitol.

ROLL CALL

Members Present:

Rep. Edward B. Butcher, Chairman (R)
Rep. Carol Lambert, Vice Chairman (R)
Rep. Jonathan Windy Boy, Vice Chairman (D)
Rep. Joan Andersen (R)
Rep. Wanda Grinde (D)
Rep. Ralph Heinert (R)
Rep. Llew Jones (R)
Rep. Jim Keane (D)
Rep. Bruce Malcolm (R)
Rep. Jim Peterson (R)
Rep. Diane Rice (R)
Rep. John (Jack) W. Ross (R)
Rep. Veronica Small-Eastman (D)
Rep. Dan Villa (D)
Rep. Karl Waitschies (R)
Rep. Jeanne Windham (D)
Rep. Brady Wiseman (D)
Rep. Bob Bergren (D)
Rep. Gary Branae (D)

Members Excused: Rep. Kevin T. Furey (D)

Members Absent: None.

Staff Present: Linda Keim, Committee Secretary
Krista Lee Evans, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 274, 1/14/2005; HJ 5, 1/14/2005
Executive Action: HJ 5

HEARING ON HJ 5

SPONSOR: REP. VERONICA SMALL-EASTMAN, HD 42, LODGE GRASS

Opening Statement by Sponsor:

REP. VERONICA SMALL-EASTMAN (D), opened the hearing on HJ 5, a bill urging the United States Department of Agriculture (USDA) to refer to the beef industry as the United States Beef Industry. With serious livestock diseases affecting our neighbors to the North and to the South, we need to assure United States' consumers that our beef industry is pure and clean. She said that the Montana Cattlemen's Association President and Vice President are in the room to answer any questions.

Proponents' Testimony:

Steve Pilcher, Executive Vice President, Montana Stockgrower's Association, said they support recognizing that there is a global market for beef. The USDA has a responsibility to U.S. producers and consumers, and they support HJ 5.

Barbara Broberg, Montana Women Involved in Farm Economics, said they support this bill and keeping our beef industry localized.

Dennis McDonald, President, Montana Cattlemen's Association, said they support this bill. With recent events, it is clear that we need to keep the distinction between United States Beef and the product of our trading partners.

Carla Johnson, Montana Cattle Women, stated their support of HJ 5. They feel there is uncertainty in the beef industry, and this will help retain consumer confidence.

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses: None

Closing by Sponsor:

REP. SMALL-EASTMAN closed by thanking the Committee for hearing this joint resolution.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 6}

(Note: Rep. Furey signed his proxy and left the room)

HEARING ON HB 274

Sponsor: REP. JIM PETERSON, HD 30, BUFFALO

Opening Statement by Sponsor:

REP. JIM PETERSON (R), HD 30, opened the hearing on HB 274, a bill to revise feed registration and licensing laws. HB 274 was requested by the Montana Department of Agriculture, which is funded primarily through fees for services, and the Montana Feed Association. HB 274 gives the Department the authority to adjust licensing, registration, and inspection fees by administrative rule, to adequately fund the feed program. He noted that feed program revenue has been unpredictable in recent years.

Proponents:

Nancy K. Peterson, Director, Montana Department of Agriculture, spoke in favor of the bill and read from her written testimony. [EXHIBIT](#) (agh13b01)

Don Seifert, President Montana Feed Association, expressed support for the bill and noted that feed needs constant sampling. *{Tape: 1; Side: A; Approx. Time Counter: 6 - 14.1}*

Steve Pilcher, Montana Stock Growers Association, stated their support of this regulatory authority over their activities. He said that the future of the beef industry in Canada may rest in their ability to prove to the rest of the world that they have a good regulatory system over the feed they are producing and providing to their livestock.

Barbara Broberg, Montana Women Involved in Farm Economics, said they support this bill. Agriculture tries to pay for its own regulations, and they want to support what was brought up in the 2003 Legislature. She said that we live in a world where more regulations are becoming necessary.

Carla Johnson, Montana Cattle Women, said they feel it is important that Montana maintains the integrity of their feed sources, especially with Canada's recent feed problem. She spoke in favor of the bill.

Pam Langley, Montana Agriculture Business Association, represented by Nancy Peterson, expressed support of HB 274.

Opponents: None.

{Tape: 1; Side: A; Approx. Time Counter: 14.1 - 21}

Informational Testimony: None.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 6.6}

Questions from Committee Members and Responses:

REP. KEANE asked for an explanation of the Fiscal Note. **REP. PETERSON** said the Statute clearly defines Department responsibilities with the feed inspection program, and they are meeting their responsibilities. Expenses are exceeding revenues from the fees that are coming in. Expenses are not anticipated to increase, but the fee increase will allow incoming revenue to meet the existing expenses associated with regulating the feed industry, rather than having to draw down on their reserves. This does not change the Statute. It allows the fee to go up, the department to maintain its Statutory responsibility and cover the existing expenses that are not currently being covered.

REP. ROSS asked what the approximate annual cost of the inspection program is. **Ms. Peterson** said the total program cost is about \$264,000. In 2004, revenues generated for the program were \$185,008; expenditures were \$226,086. Since 2000, revenues have not exceeded expenditures.

REP. ROSS asked how many Full Time Employees (FTE) are involved in this program. **Ms. Peterson** said there are 2.86 FTE's in Personal Services, and a number of staff in the field. She deferred to Greg Ames.

Greg Ames, Administrator, Agriculture Sciences Division, Department of Agriculture, said they have seven field staff, and a portion of their salaries is paid out of the feed program.

{Tape: 1; Side: A; Approx. Time Counter: 21 - 27}

REP. ROSS asked if there has been any increase in FTE between 2000 and 2005. **Greg Ames** said there have been no increases.

REP. WAITSCHES noted that Ms. Peterson's testimony indicates this is basically for the benefit of consumers and the general public, and asked what the rationale was to put the fees on the producer, rather than take from the General Fund. **Ms. Peterson** said they have no avenue by Statute to do that. This is within the feed licensing livestock registration law, the avenue is spelled out in this Statute, and the avenue is from fees.

REP. WISEMAN asked what the people in this program do. **Ms. Peterson** stated that feed samples are taken randomly in the field, and samples are taken at border crossings. In 2004, there

were 322 samples taken, with an analysis count of 809. Cost per sample was \$232, and the cost per analytic determination was \$26.70. This involves livestock fee distributors, sales, retail, a per tonnage fee for inspection purposes, and pet food product registration. She explained that pet food is not inspected, but livestock feed is, because it directly affects human health and safety.

{Tape: 1; Side: A; Approx. Time Counter: 6.6 - 30}

REP. WISEMAN asked what the feed samples are tested for. **REP. PETERSON** said that when the feed manufacturer makes a batch of feed, they have to account for what is in that feed. A bag of feed has a tag that indicates the ingredients. Bulk feed has a sheet that lists the ingredients. When they take a sample of that feed, that sample has to precisely match. That is the regulatory part of this bill. The Department does random samples of feed supplies out in the market.

REP. WISEMAN asked how sampling help prevents Bovine Spongiform Encephalopathy (BSE) from being spread. **REP. PETERSON** said that BSE was contracted originally in Europe from beef cattle eating feed that contained ruminant byproducts. The United States banned the use of ruminant byproducts in animal feed in 1996; Canada banned them in 1997. It was discovered that a cow in the United States was confirmed positive with BSE in 2003; and that animal came from Canada. The most recent discovery in Canada is a cow that was born one year after Canada supposedly banned the use of ruminant byproducts in animal feed. With this bill, the feed industry is taking the lead to make sure the integrity of our feed inspection system is properly funded and samples are taken regularly.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 5.4}

Closing by Sponsor:

REP. PETERSON said the issue is consumer confidence in the industry's ability to self-regulate and maintain the integrity of our feed supply and feed inspection system. He asked for a DO PASS.

EXECUTIVE ACTION ON HJ 5

Motion/Vote: **REP. WINDY BOY** moved that HJ 5 DO PASS. Motion carried unanimously by voice vote. **REP. FUREY** voted by proxy.

Motion: **REP. WINDY BOY** moved to put HJ 5 on the Consent Calendar; **REP. WAITSCHES** objected.

The bill will not be put on the Consent Calendar.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 10.5}

ADJOURNMENT

Adjournment: 3:40 P.M.

REP. EDWARD B. BUTCHER, Chairman

LINDA KEIM, Secretary

EB/LK

Additional Exhibits:

EXHIBIT ([agh13bad0.TIF](#))